. . .when you file your 1998 Federal Income Tax Return.

Some workers who earned less than $30,095 in 1998 may be eligible for the *Earned Income Tax Credit (EITC)*. On your 1998 tax return, the credit is subtracted from the amount of tax you owe, so you pay less tax. Even if you do not owe any tax, you could get a refund.

Where Can I Get More Information on *EITC* and *Advance EITC*?

○ Publication 596, *Earned Income Credit*, explains the rules for eligibility and for claiming the *EITC* and *Advance EITC* payments. This publication can be downloaded from the Internet at www.irs.ustreas.gov, or you can order this free publication and other publications and forms from the IRS at 1-800-829-3676.

○ Volunteer Income Tax Assistance (VITA) sites are open from February 1 through April 15 for free one-on-one tax help. IRS volunteers at these sites can help you complete your tax return. For the location of a VITA site near you, or to get help from an IRS assistor with your tax questions, call the IRS at 1-800-829-1040.

○ Some areas also offer a state *EITC*. For information on a state *EITC*, contact your state tax office.

○ If you have access to teletypewriter/telecommunications device for the deaf (TTY/TDD) equipment, you can call the IRS at 1-800-829-4059 to ask tax questions or to order IRS forms and publications.

www.irs.ustreas.gov

The Earned Income Tax Credit (EITC) could mean

$$$ in your pocket

if you qualify!

What Are the Qualifications for the *EITC*?

❍ You have earned income from employment or from self-employment.

❍ You have earned income of less than:
  – $30,095 with two or more qualifying children, or
  – $26,473 with one qualifying child, or
  – $10,030 with no qualifying children.

❍ You have one or more qualifying children living with you. **But**, even if you don't have a qualifying child, you may still get a limited *EITC* if you have earned income of less than $10,030, live in the United States for more than half the year, are age 25 to 64, and are not another person's dependent.

  NOTE: Qualifying children are sons, daughters, adopted children, grandchildren, step-children or foster children:
  – 18 years of age or under, or
  – 23 years of age or under and a full-time student, or
  – any age if permanently and totally disabled. The qualifying child does not have to be a dependent, but must live with you in your home in the United States for more than half the year (a whole year for a foster child).

❍ You, your spouse, and qualifying child must have social security numbers (SSNs) issued by the Social Security Administration (SSA). Individual taxpayer identification numbers (ITINs) and adoption taxpayer identification numbers (ATINs) are not acceptable. (A person legally permitted to work in the United States must file as a resident and have an SSN to claim the *EITC*.)

❍ Your filing status must be single, head of household, qualifying widow(er), or married filing jointly. You cannot claim the *EITC* if your filing status is married filing separately.

❍ You cannot be a qualifying child of another person.

❍ Your investment income is $2,300 or less.

❍ U.S. military personnel on extended active duty outside the United States may claim the *EITC* if they meet all other rules.

❍ Non-resident aliens must be married to a U.S. citizen or resident, choose to be treated as a resident alien for the entire tax year, and file a joint U.S. tax return. See Publication 596 for more details.

❍ Wages paid to inmates in penal institutions don't qualify as earned income for the EITC.

How Much Is the *EITC*?

The amount of credit you can receive is based on your earned income and on how many qualifying children you may or may not have. If you fall into the following categories, you could get the maximum credit:

– People who earn between $4,450 and $5,600 and have no qualifying children could get up to $341.

– People who earn between $6,650 and $12,300 and have one qualifying child could get up to $2,271.

– People who earn between $9,350 and $12,300 and have two or more qualifying children could get up to $3,756.

When Can I Get the *EITC*?

You can get the credit all at once when you file Form 1040, 1040A, or 1040EZ. If you have a qualifying child, you must file Form 1040 or 1040A and attach Schedule EIC. Always use correct SSNs when filling out tax forms and schedules.
or
You can get part of the credit throughout the year in your pay by choosing the *Advance EITC*. You **must** have at least one qualifying child and expect to qualify for the *EITC* on your 1999 tax return to get *Advance EITC* payments during 1999.

If your only earned income is from self-employment, you cannot get the *Advance EITC*.

How Can I Get the *Advance EITC*?

If you expect to qualify for the *EITC* and have at least one qualifying child, complete Form W-5, *Earned Income Credit Advance Payment Certificate*, and give it to your employer. You will then start to receive *Advance EITC* payments in your pay.

Sometimes your income or family situation changes. If changes such as these occur, make sure you are still eligible for the credit. For example, a salary increase, received after you requested the *Advance EITC*, may put you over the income amount that earlier qualified you for the *EITC*. If this happens, you have to fill out a new Form W-5 and give it to your employer to stop the advance payments. When you file your next tax return, you will have to pay back the advanced money.

If you receive *Advance EITC* payments, you must file a tax return. Your return shows the IRS the payments you received and at the same time allows you to claim any extra credit for which you may be eligible.

What Happens If You Improperly or Fraudulently Claim the *EITC*?

If you improperly claim the *EITC* because of recklessness or intentional disregard of IRS rules and regulations, you cannot claim the *EITC* for the next two (2) years. Or, if you fraudulently claim the *EITC*, you cannot claim the *EITC* for the next ten (10) years. At the end of the two or ten year period, you will have to show eligibility to the IRS before you can claim the *EITC* again.